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THE AUSTRALIAN CANNED FRUITS BOARD AND ITS FUNCTIONS IN WORLD MARKETS

Australian canned fruit exports are among the foremost competitors of U.S. canned fruit exports, especially in the Western European market. The U.S. share in the important U.K. market for canned peaches has been reduced as Australia has been able to increase substantially her marketings there, aided by Commonwealth preferences. Australian shipments are also increasing in the key West German market, and Australia plans to expand sales in other countries on the Continent, which are presently good markets for the United States.

Another important U.S. market in which Australian exports have been increasing is Canada, where Australian canned fruit also has an advantage over that from the United States in the form of a lower duty. As can be readily seen from this brief description, Australia is becoming an increasingly important competitor in various world markets.

History of the Board

The Australian Canned Fruits Board has played a major role in the growth and trade of that country's canned fruit industry.

The board is now constituted under the Canned Fruits Export Marketing Act 1963 which became effective on January 30, 1964. Before this, the board operated under the provisions of the Canned Fruits Export Control Act, 1926-1959, which was repealed on January 29, 1964.

The 1963 legislation enlarged the board's composition, expanded its powers and functions, and increased the amount of funds at its disposal.

Under the new legislation, the board has increased its work on problems associated with disposing of an increased volume of canned deciduous fruit in overseas markets, at the same time coping with strong U.S. and South African competition. The board is represented on the Overseas Trade Publicity Committee and the Australian Canned Fruit Sales Promotion Committee. The board also confers with the Export Advisory Committee of the Australian Canner's Association on matters of mutual interest.

It now consists of 12 members, including a chairman, one representative each of the Commonwealth Government and of the canneries producing canned pineapples or their juice; and three representatives each of the following: cooperative canneries processing deciduous fruits; canneries other than cooperatives processing deciduous fruits; and growers of apricots, peaches, and pears used for canning.

Financing comes from two sources, one concerned with canned fruit for export and the other with canned fruit for domestic consumption. The first is a levy on exports of those canned fruit products under the board's control. (With its basis in the Canned Fruits Export Charges Act 1926-63, this was originally the only source of revenue.) The rates, which have remained the same since January 1958, are 1.87 U.S. cents per dozen 2½ size cans for canned fruits, and 1.40 cents per dozen cans for canned pineapple juice.

The second source of revenue is an excise duty imposed on canned apricots, peaches, pears, and composite fruit packs mainly intended for disposal within Australia. (These proceeds--authorized by the Canned Fruit Excise Act 1963 and the Excise Tariff (No. 2) 1963--provide the board with additional funds used primarily for developing overseas outlets for canned fruits.) The rate, which has remained the same since October 31, 1963, is 22.4 U.S. cents per dozen 2½ size cans.

The following table indicates the amount of money collected from the export levy and excise duty. The total amount available to the board in 1964 from these two sources, by state, was \$1,247,500, as shown:

	Export Levy				Excise Duty	
	1962	1963	1964		1963 1/	1964
	U.S.	U.S.	U.S.		U.S.	U.S.
	\$1,000	\$1,000	\$1,000		\$1,000	\$1,000
Queensland	19.8	19.0	18.1	::	--	42.3
New South Wales ...	10.6	16.0	19.0	::	4.1	254.1
Victoria	130.6	127.9	131.7	::	.4	625.1
South Australia ...	18.6	12.1	27.2	::	4.8	101.8
Tasmania	1.4	.8	.1	::	.1	20.1
Western Australia .	--	--	--	::	.2	8.0
Total	181.0	175.8	196.1	::	9.6	1,051.4

1/ Only 2 months of 1963.

Role in Overseas Marketing

Authority over license issuance is one responsibility. Canned fruits which come under the board's control cannot be exported from Australia unless the exporter has a license issued by the Ministry of Primary Industry on the recommendation of the board. Licenses are valid only during the calendar year of issue. During calendar year 1964, 39 licenses were issued--5 less than in 1963. The distribution of licenses, by state, for 1964 is as follows: Victoria 13; New South Wales 12; South Australia 6; Queensland 4; Western Australia 2; and Tasmania 2.

A prime function is market promotion overseas. For Australian fruit in the important and competitive U.K. market, the board's London office has responsibility for control and administration of brand promotional campaigns. In March of 1964, the board appointed a full time promotional representative to the London staff. In addition to his field work of inspecting and reporting on promotional activities conducted jointly with buying organizations, he is responsible to the board's overseas representative for liaison with canners' agents. He is responsible also to the section of the Australian Directorate of Trade Publicity dealing with advertising and promotional procedures.

Still another of the board's functions concerns price. In the United Kingdom, part of the board's canned fruit program includes establishment of opening minimum export prices on a c.i.f. basis. These prices are generally announced in January or February; over the past several years, with few exceptions, they have remained relatively stable. They are, of course, subject to later revisions if these are deemed necessary. Price appears, however, not to be paramount. Contrary to the apparent South African interest of competing on a price basis (mainly because of a lower freight rate), the Australian industry seems to be leaning toward greater promotional efforts to offset price differentials.

In Canada, the board actively supports canners in their promotional activity. It receives various information from the Australian Trade Commissioners stationed in Montreal and Vancouver.

In 1964, the board continued its suspension of minimum prices in Canada. Alternatively, canners agreed to a minimum price schedule established by themselves. Reportedly, this venture proved unsuccessful. Consequently, the board introduced fixed minimum prices for 1965 for mandatory observance by exporters. In addition, the board has also assisted canners to promote their brands at the store level.

Concerning other export markets, the board allows exporters to make their own pricing, financial, and agency arrangements. Reportedly, in 1964 the Australian Cannery Association formulated a basic price schedule for certain foreign territories. The schedule was intended, however, only for guidance and voluntary observance by its members.

In addition to its active work in promotion, licensing, and minimum pricing, the board cooperates with other official bodies. For instance, it contributes substantial amounts to the Overseas Trade Publicity Committee. On overseas publicity and promotion, between January 30 and December 30, 1964, the board spent approximately \$39,110 from the Canned Fruits Export Fund, and \$243,145 from the Canned Fruits Excise Fund, a total of \$282,255.

The board is interested also in other aspects affecting overseas markets, such as research. During 1964, it entered into an arrangement with the Commonwealth Scientific and Industrial and Research Organization (Division of Food Preservation) to study the cause and prevention of damage to canned fruits resulting from water condensation during overseas shipments. The board also lends financial support to various types of tree census work.

Studies designed to provide up-to-date information about marketing prospects in foreign countries are also financed by the board. Furthermore, it has helped exporters arrange marine insurance rates and settle other marine freight matters.

On statistical studies, it has been the policy of the board to collect, analyze, and present information to meet industry needs covering production, exports, sales, and periodic stock figures of the different kinds of canned fruit with which it is concerned.

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